



As reprinted from 06/17/2008

State lawmakers "running out of time" on budget

House and Senate legislators were given grim news about the state of Arizona's economy and the prospects of a government shutdown if lawmakers and the governor are not able to agree on a budget for the upcoming fiscal year, which begins July 1.

"We're running out of time," said Sen. Bob Burns, chairman of the Senate Appropriations Committee.

Should that happen, Legislative Council Executive Director Mike Braun told the members of the House and Senate Appropriations committees, "there is no roadmap" in either statute or the state constitution for how government will be affected. Nor are there any court cases dealing with the subject, he said.

However, Braun said that a 1988 Attorney General's opinion concluded that government can only operate on appropriations made outside the annual general appropriations bill, commonly called the feed bill. For instance, programs funded by a voter-approved measure would continue, as would agencies that receive funding biennially and those that are allowed to carry unspent funding from one year to the next.

Additionally, Braun said the Legislature may be able to pass a temporary budget bill that funds all or parts of state government temporarily if it becomes clear an agreement on the entire budget will not be reached before July 1.

"We don't believe there's anything (that) prohibits the Legislature from passing a short-term feed bill for a finite time, pending the adoption of a complete feed bill," he said.

If a budget deal is not struck before the fiscal year begins, about 26,000 state employees would face temporarily losing their jobs, while another 4,000 or so would be laid off permanently. Bill Bell, director of the Arizona Department of Administration, said he hopes he "won't have to pull the trigger on some of the more draconian" options.

Bell also noted that the final pay period for the current fiscal year began June 14, but the payroll was not due to be issued until July 2, which means the state could not pay employees their final paycheck of the current year if a budget is not in place.

Meanwhile, Secretary of State Jan Brewer said the state would have difficulty conducting elections this fall if government shuts down. While her office receives biennial appropriations for some functions, money to conduct the elections would come from the budget for the upcoming fiscal year. Meeting the mandates in state law - such as verifying signatures on initiative petitions and publishing pamphlets explaining ballot propositions - would be difficult, she said.

"I have to pay my vendors, I have to pay the counties. It's a horrible situation," Brewer said.

Treasurer Dean Martin told the committees that, while agencies that receive biennial appropriations would not have to shut down July 1 if a budget is not approved, they would not be able to spend any money because his department and the Department of Administration are required to make payments, but neither receives the biennial appropriations.

"We cannot operate. We must shut down," he said.

Biennial agencies could incur debt and their employees could come to work, but they wouldn't receive paychecks until the other two departments received funding.

Republican lawmakers are deadlocked with Democrats and Gov. Janet Napolitano over how to solve a budget deficit estimated by legislative staff to be \$2.2 billion.

Richard Stavneak, director of the Joint Legislative Budget Committee, told the committees there was no good news on the horizon for Arizona's economy.

" Arizona has one of the nation's worst economies at this point," he said.

Tax collections are down significantly, Stavneak said, and may not have reached their low point. He said the economic downturn is greater than expected because of skyrocketing oil prices and a protracted slump in the housing market.

Arizona government has never faced a shutdown because a budget had not been approved by lawmakers and the governor. Although the Legislature has ended its annual session on July 1 twice - in 1988 and 1992 - the general appropriations bill was signed into law June 30 both times.

By Jim Small

Arizona Capitol Times